

FACTSHEET: Delinquent Tax Collections Contract

History

The firm of Lauterbach, Borshchew conducted a **performance audit** of the delinquent tax collection process during 2004. The audit demonstrated that the firm of Delgado, Acosta, Spencer, Linebarger, & Perez had done a good job of collecting delinquent taxes during the previous contract period.

- The **Tax Advisory Committee**, whose members represent all the taxing entities whose taxes are collected by the City of El Paso, voted unanimously in 2005 to extend the agreement with Delgado, Acosta.
- On November 29, 2005 the **El Paso City Council** contracted the firm of Delgado, Acosta, Spencer, Linebarger, and Perez to enforce collection of delinquent property taxes for the next five years.

Cost

- There is **no cost** to the City or any of its 26 partners in this agreement. The attorneys are reimbursed through the addition of a penalty added to the delinquent taxes and penalty and interest.
- The penalty added has increased to 20% for tax years 2005 and beyond. It had been 15% since 1984. Many taxing entities throughout Texas levy a 20% penalty.

Anticipated Effects

- The larger penalty will **reduce delinquencies**.
- Delinquent personal property accounts (business property) will be turned over in April instead of July for collections, thereby improving collections in this area.
- Overall, the taxing entities and taxpayers will benefit from **improved collections**.
- **Only about 4% of accounts will incur the 20% penalty. 96% will not be affected.**
- One of the most contentious issues in the consolidated tax collection process has been settled and the taxpayers and taxing entities will continue to benefit from the continued operation of the most efficient consolidated tax operation in the state.

Avoiding Penalty

- After the January 31st deadline, delinquent taxpayers receive a notice in February and a second notice in May, before the penalty is assessed. To avoid this penalty, taxpayers can make arrangements with the Tax Office by calling (915) 541-4054.